

21 October 2016

Australian Securities Exchange
Company Announcements Office
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam,

Chairman's Address

In accordance with ASX Listing Rule 3.13.3, please find attached a copy of the Chairman's Address to be presented at today's Annual General Meeting of Members of the Company.

This address also contains a trading update.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'CR', is located below the 'Yours sincerely,' text.

Campbell Richards
Company Secretary

**CHAIRMAN'S ADDRESS TO
ANNUAL GENERAL MEETING
11:00 am, Friday, 21 October 2016**

Ladies and Gentlemen

Welcome to the 2016 Annual General Meeting of MaxiTRANS Industries Limited.

As we have done in previous years, I would like to share with you a brief overview of the current position of our company. Following this our Managing Director, Michael Brockhoff, will discuss the operational performance of the company for the 2016 financial year.

MaxiTRANS performed well in challenging market conditions with revenues up by 3.3% on the prior year.

The second half, however, was not as strong as we had hoped. The excruciatingly long Federal Election combined with the sub-contractor minimum rates legislation led to a reduction in volumes of 10% in the second half of the year. Pleasingly, this legislation was eventually repealed.

Nevertheless, we ended the year with:

- underlying profit after tax of \$8.75 million
- statutory profit after tax of \$5.23 million, after taking into account costs of closing the Bundaberg manufacturing facility and after impairing the intangible assets relating to the Hamelex White and Lusty EMS tipper brands, due to the difficulty of predicting the future earnings because of factors such as weather conditions and construction activity; we had
- strong operating cashflows of \$21 million, and
- reduction in net debt of \$10 million

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- and a final dividend of 1 cent per share resulting in an annual payout ratio of 63%, just above our policy guide of 60% of Underlying Net Profit After Tax.

Overall:

Whilst Australian trailer volumes were flat year on year, MaxiTRANS did marginally improve its market share. New Zealand also saw a decline in revenues in the second half of the financial year, caused by proposed regulation changes which resulted in customers delaying purchase decisions. We expect the final regulations to be announced in time to favourably impact the business from early next calendar year.

Our MaxiPARTS business experienced continuing revenue declines offset by cost savings to put in a flat result for the year. However, we have launched a number of new initiatives to turn this business around. We will speak more to that later.

Pleasingly, China experienced strong growth in revenue and profit on the back of increasing sophistication in the Chinese logistics sector and new customers.

Let me assure shareholders, however, that we are not sitting on our hands waiting for the market cycle to lift us.

Innovation in both products and processes along with an ongoing focus on safety are driving our actions. Michael will speak to a number of recent product innovations in his presentation that will demonstrate our focus and capability in this area.

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We have expanded our continuous improvement program to include our end to end core business processes. This is aimed at improving the processes involved in the sale and delivery of our products and services to ensure our customers experience the best service in our industry. Along with continuous improvement of our manufacturing processes, we will minimise waste and lift our competitiveness in our trailer markets.

Many of these initiatives will be enabled or enhanced by better information. Our business transformation programme, TRANSform has passed its investment peak and moved into the implementation phase. We are progressively replacing our legacy systems across the company with the core JD Edwards system.

MaxiPARTS have also launched a number of new business initiatives, most notably;

- expanding its truck parts range
- added a new sales channel by launching a technology enabled, customer managed, inventory system called MaxiSTOCK; and
- launched its second proprietary suspension product.

Continued expansion in the range of our products offered to our New Zealand customers will also see us maximise our performance and market share.

We are also continuing to invest in China to improve our production capability as that market becomes more sophisticated and we exploit new export opportunities for our products.

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We also continued to strengthen our team and recently appointed Anthony Roder to the position of Group General Manager Manufacturing. Anthony has overall responsibility for our Australian manufacturing operations. He has a particular focus on improving our quality systems and the continuous improvement program as well as day-to-day production.

I would like to take this opportunity to thank all of our more than 900 management and staff for their dedication and hard work. It is great to see that through their efforts and commitment to the MaxiSAFE programme, MaxiTRANS is an ever safer place to work.

These are all examples of the internal initiatives we are taking to better position MaxiTRANS for the future. The board is confident that we are building a strong foundation on which to deliver long term shareholder value.